

BUSINESS INFORMATION
CENTRE

14. MAY 1980

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Report and Accounts
1979



Barton & Sons Limited

Report and Accounts

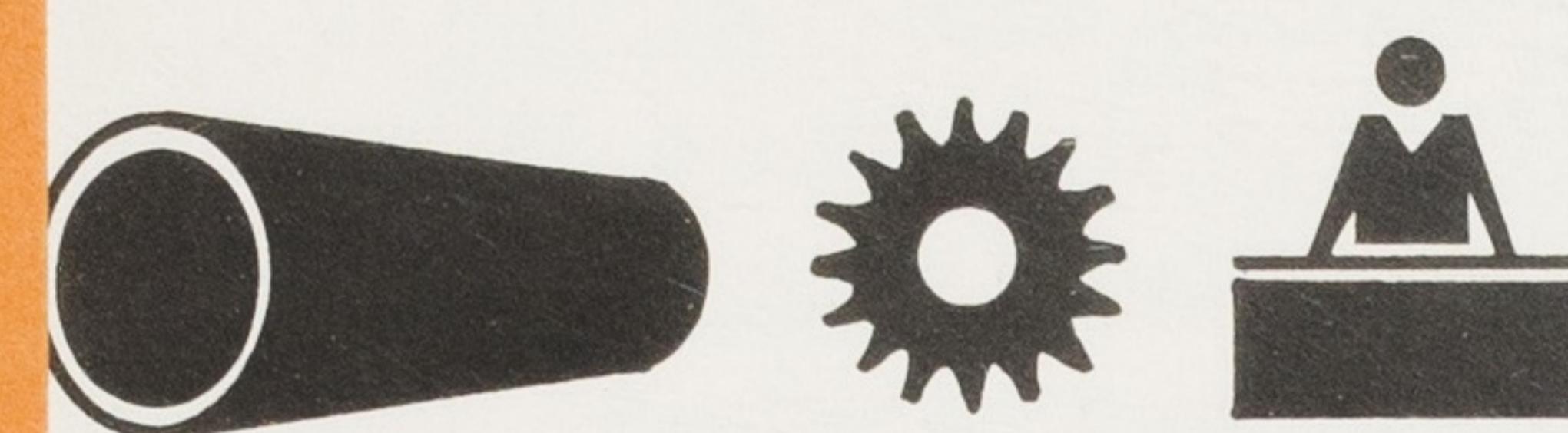
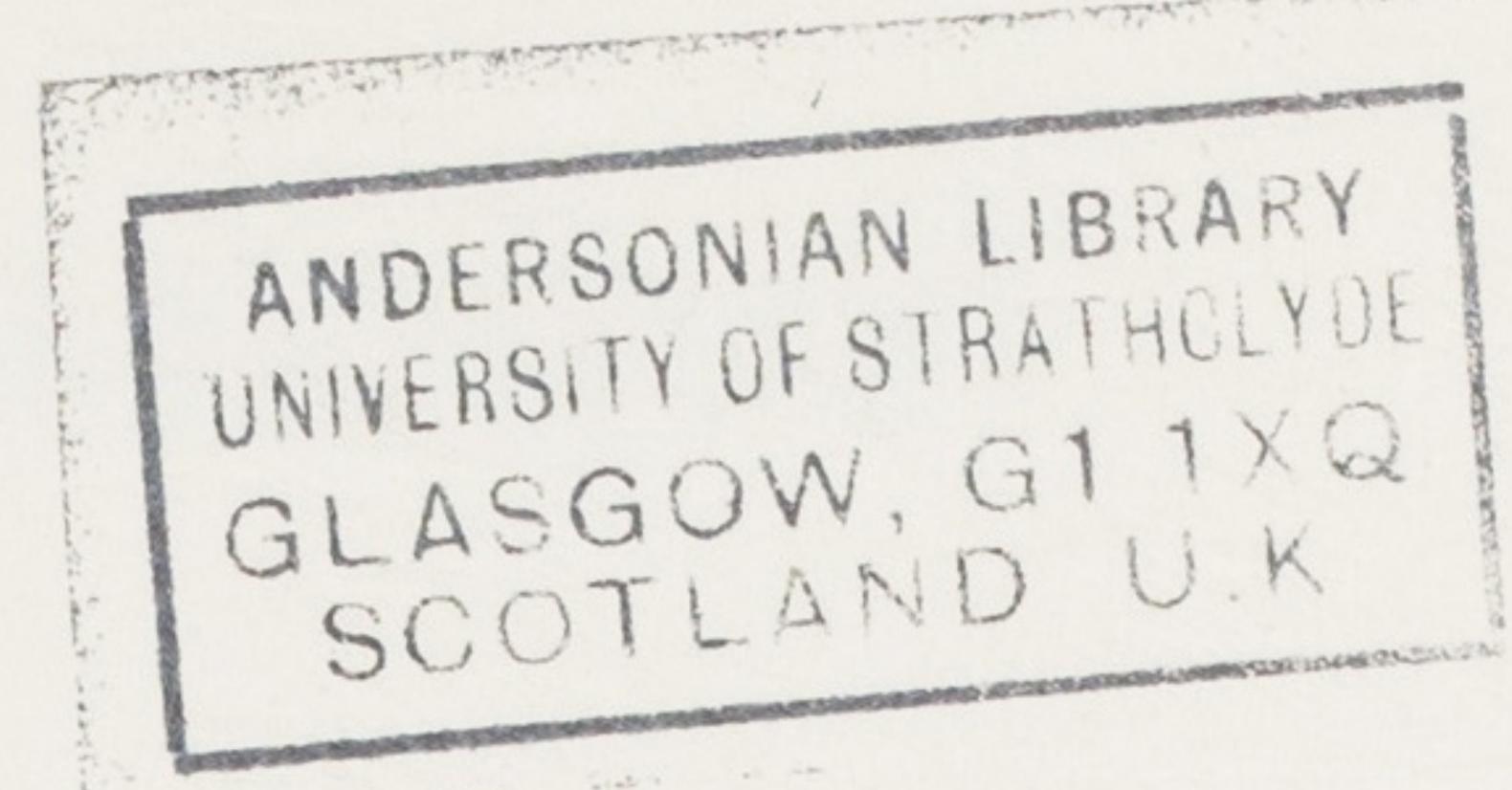
for the year ended 31st December 1979

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It is regretted that due to a national industrial dispute in the printing trade it has only been possible to print the annual report in black.

Results in brief



worth £51.2 million



cost £25.4 million



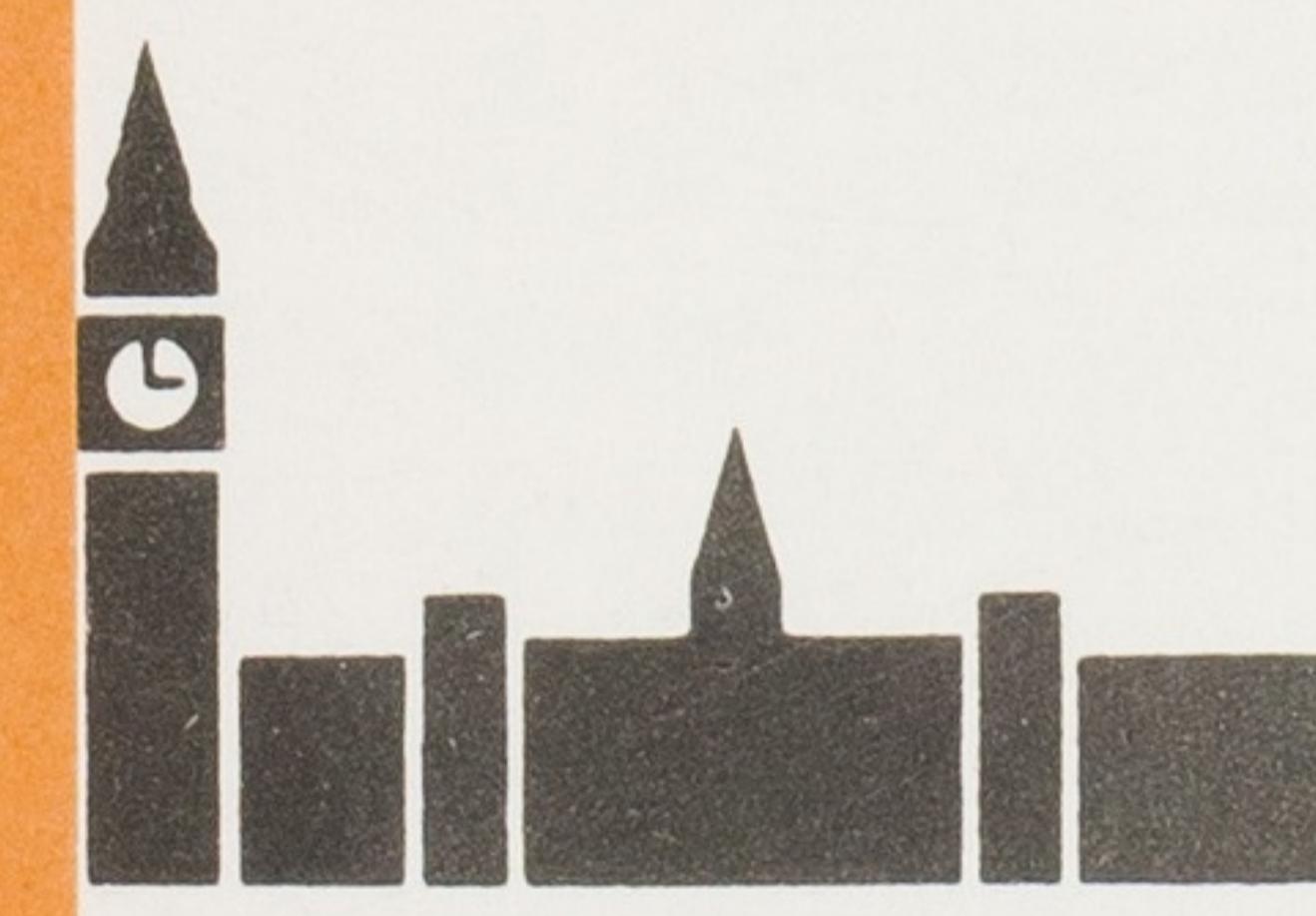
cost £10.3 million



totalling £12.2 million

£ £ £ £

of £3.3 million



of £0.9 million



of £0.8 million

of £1.6 million

items.



Timetable

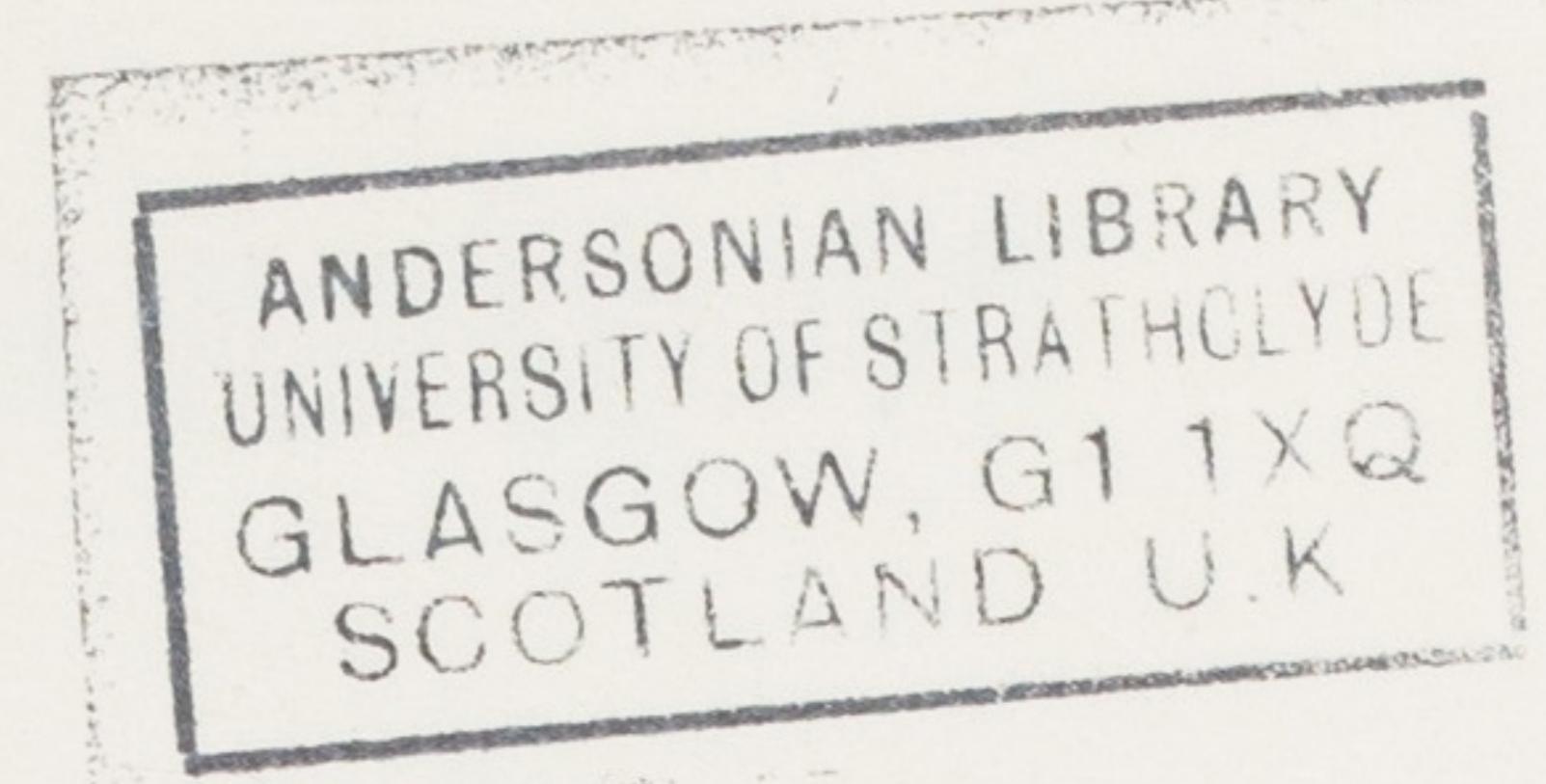
Annual general meeting 4th June

Payment of final ordinary dividend 6th June

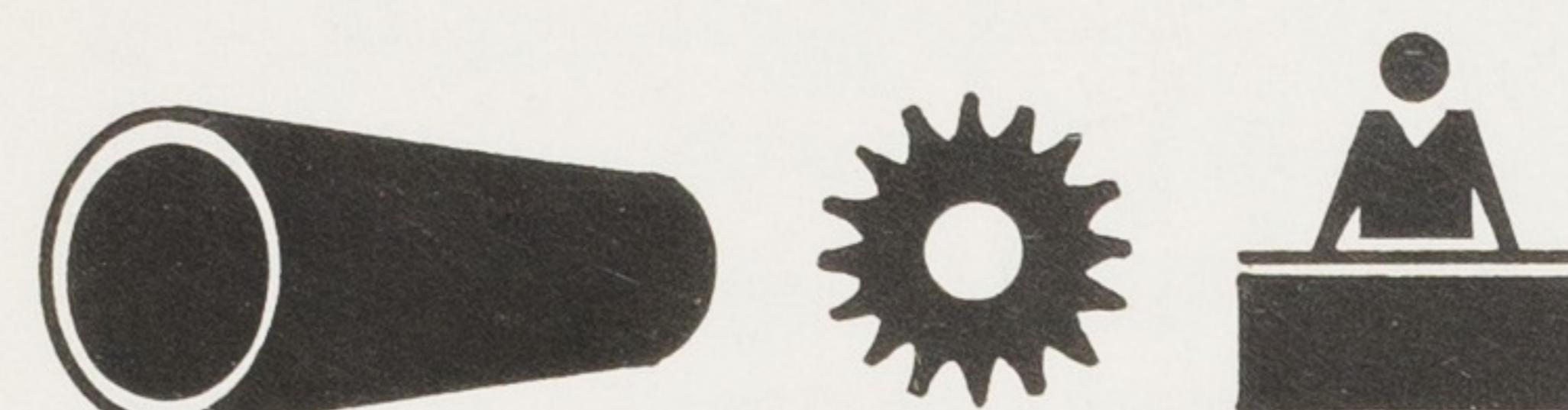
Interim statement — 1980 9th September

Payment of interim ordinary dividend 31st October

Results in brief



The subsidiary companies sold products



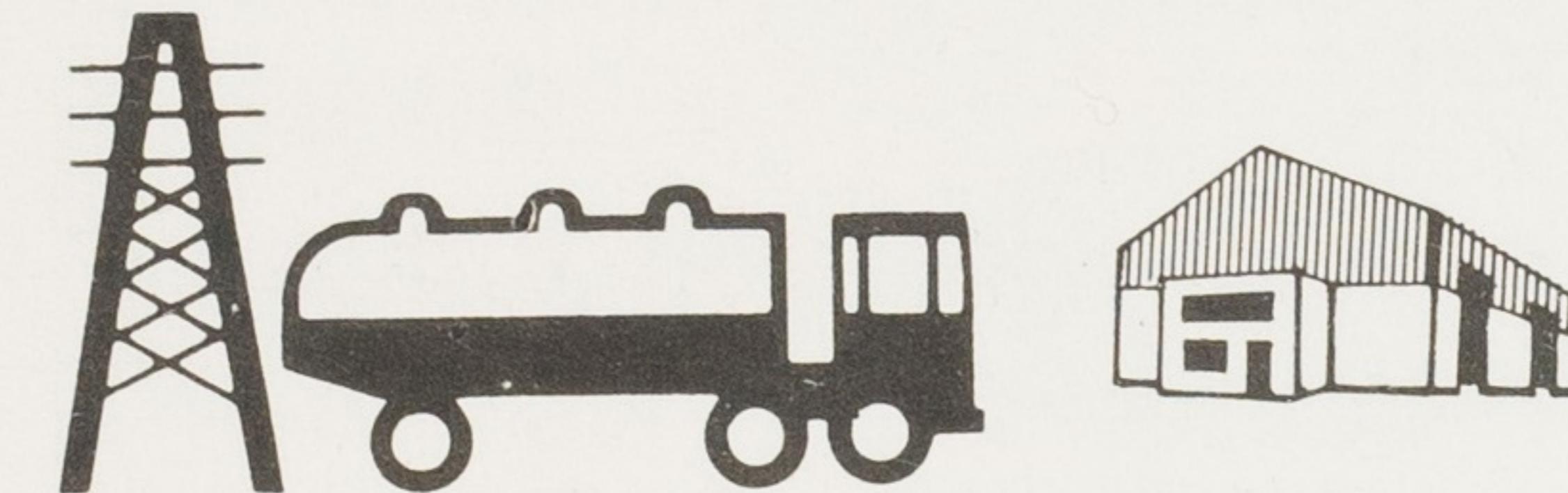
worth £51.2 million

Materials and components



cost £25.4 million

Other supplies and overheads



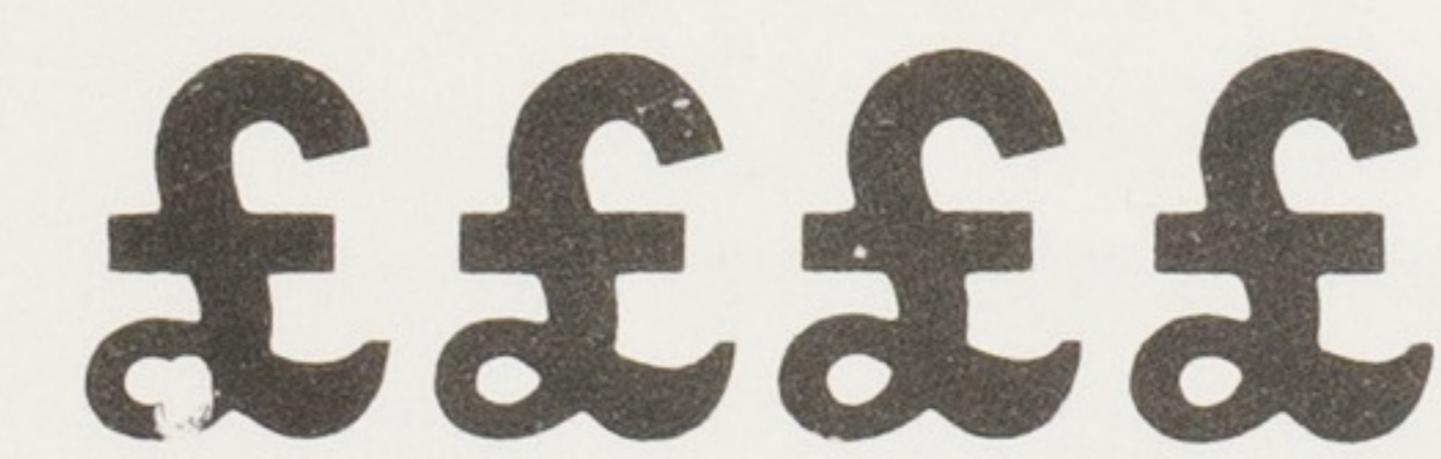
cost £10.3 million

Our 2,440 employees received £10.5 m
and a further £1.7 m
was paid in pension and payroll costs



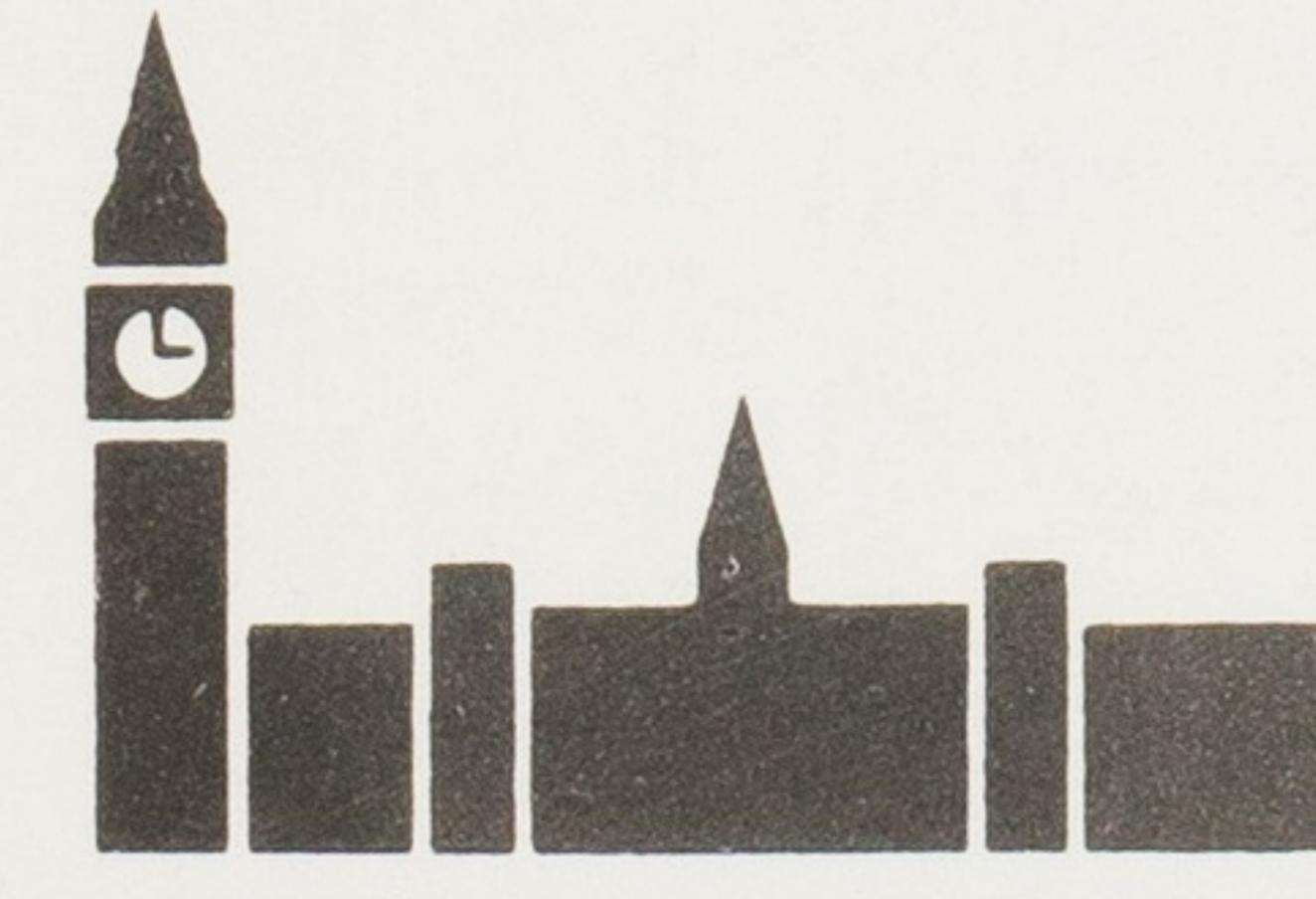
totalling £12.2 million

These outgoings leave a pre-tax profit



of £3.3 million

From which an amount
was set aside to meet tax liabilities



of £0.9 million

Our 2,764 shareholders will receive dividends



of £0.8 million

The remaining sum
together with the charge for depreciation has been
used to help finance new plant, buildings, increased
stocks and debtors and also cover the extraordinary items.

of £1.6 million



Notice of Meeting

Notice is hereby given that the forty-fourth annual general meeting of the ordinary shareholders of the company will be held at Penns Hall Hotel, Walmley, Sutton Coldfield, on Wednesday, 4th June 1980 at 12.30 p.m. for the following purposes:

- 1** To receive the directors' report and statement of accounts for the year ended 31st December 1979.
- 2** To declare a final dividend on the ordinary shares.
- 3** To elect directors.
- 4** To appoint auditors and authorise the directors to fix their remuneration.
- 5** As special business to consider and, if thought fit, to pass the following resolution:

That the authorised share capital of the company be increased from £6,400,000 to £7,650,000 by the creation of 5,000,000 ordinary shares of 25p each.

- 6** As special business to consider and, if thought fit, to pass the following resolution:

That it is desirable to capitalise the sum of £544,687 being part of the amount standing to the credit of revenue reserves in the books of the company and accordingly that the directors be and are hereby authorised and directed (a) to appropriate the said sum to the holders of the ordinary shares of the company in proportion to the number of shares held by them respectively as at the close of business on 28th April 1980
(b) to apply such sum in paying up in full 2,178,750 new ordinary shares of 25p each in the capital of the company and to allot and distribute such new shares credited as fully paid and ranking as regards dividends declared after the passing of this resolution and in all other respects *pari passu* with existing fully paid shares in the capital of the company to and amongst such holders in the proportions of one such new share for every ten shares of 25p each then held by such holders and (c) as regards fractions of shares to sell the total number of shares represented by these fractions and to apply the proceeds of such sale for the benefit of the company.

- 7** To transact any other ordinary business of the company.

NOTES

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and a proxy need not be a member.

The report and accounts are sent to all shareholders of the company but holders of preference shares are not entitled to attend or vote at the above meeting.

There will be available for inspection at the registered office of the company from the date of this notice until the date of the meeting during normal business hours and for fifteen minutes prior to and during the meeting at the place of meeting:

- (a) Contracts of service of certain directors with the company not terminable within one year without compensation.
- (b) Details of dealings of directors and their families in shares of the company during the preceding twelve months.

By Order of the Board

A L Kendrick
Secretary

Neville House
42-46 Hagley Road
Birmingham 16

12th May 1980

Directors

Chairman's Statement

Directors

John M Wardle LLB *Chairman (non-executive)*
John S Roper FCA *Deputy chairman*
Norman Harlow
Eric (F J) Meldrum MA
Graham B Sheldon CEng FIProdE
Carl G Crawford *(Canadian)*

Secretary and registered office

A L Kendrick
Neville House
42-46 Hagley Road
Birmingham

Auditors

Parent company
Peat Marwick Mitchell & Co.
Windsor House
Temple Row
Birmingham
Subsidiary companies
Baker & Co. Walsall
Clement Keys & Co. West Bromwich
Daffern & Co. Leamington Spa
Peat Marwick Mitchell & Co.
Birmingham, Dusseldorf and Hamilton
Price Waterhouse & Co.
Birmingham and Newcastle on Tyne
Walter J Edwards & Co. Walsall

Solicitors

Edge & Ellison Hatwell Pritchett & Co.
Rutland House
Edmund Street
Birmingham

Bankers

Barclays Bank Limited
Colmore Row
Birmingham
Midland Bank Limited
Willenhall
West Midlands

Results for the year

It can be no secret that the results for the year under review are a serious disappointment to my colleagues and myself. As a board we are not perhaps given to over-optimism, yet on the 10th September I included a brief statement in the interim report which clearly postulated an expectation of a profit before taxation for the year as a whole in excess of £4m. Although it may be salutary for a chairman to find himself wrong — and to consider very closely, as I have done, whether he could or should have been able to prevent giving a misleading impression — it is not helpful to shareholders; and I shall comment at some length on the underlying reasons therefor in a later paragraph.

At the trading level a profit of £3.82m as opposed to £4.18m last year is reasonably satisfactory in all the circumstances — particularly when one company, to which I shall refer in greater detail below, made a trading loss of very nearly the amount of the shortfall from last year's figure. However a more than doubled interest charge has had its inevitable impact on the profit before taxation. The increased interest charge arises principally from substantially increased UK borrowings, but obviously owes something to the extraordinarily high rates of interest prevailing — which in some way, presumably clearer to the Government's advisors than it is to me, is alleged to be the panacea to revitalise manufacturing industry. The consolidated balance sheet and the statement of source and application of funds show clearly why borrowings have increased, and illustrates why a very large cash deficit is universally predicted in the private corporate sector. A higher turnover — much of the increase being purely inflationary — is essential to achieve the same or even lower profits in money terms (in the face of ever-increasing pressure on margins) and such higher turnover leads to higher debtors and higher stock figures which of necessity require to be financed by higher borrowings — unless a company virtually eliminates the capital expenditure which is vital if manufacturing industry is to have any long term future.

Our Canadian subsidiary made a splendid contribution but the experiences of our UK companies were very mixed. One or two of the smaller companies showed encouraging advances, whilst on the other hand one or two of our larger long established companies had disappointing years. It is not my practice to refer to individual companies by name as I am well aware that it is

Chairman's Statement

continued

more difficult to manage companies in bad times than in good times, and that effort is not always rewarded but can be frustrated by circumstances beyond the control of any management.

Comment

In my view there are two underlying reasons for the apparently disappointing performance of your group.

At the time of the interim report your directors (who not only periodically revise the internal budget in conjunction with the subsidiary directors but also review such budget at each board meeting) were anticipating a profit before taxation of not less than £4.1m. The engineering dispute had already commenced, although of course its duration was unknown and the best estimate then possible had been made of its effects. In the event the longer term implications of the dispute proved to be underestimated. Unfortunately the termination of a dispute does not mean an immediate restoration of normal trading, as what are normally known as the knock-on effects are felt for many months during which both customers and suppliers are faced with continuing difficulties as the result of the disruption caused to their normal schedules during the period of the dispute. Although it is a very difficult exercise to attempt to quantify the effects of such a dispute, my executive colleagues are satisfied that the eventual loss of profits to this group was in excess of half a million pounds.

The other factor which in one form or another has been with us for many years is that some of our companies are in capital intensive sectors of manufacture with very high standing costs. Accordingly even a slight reduction in demand for their products can have quite a dramatic effect on profitability and the combined effects of sluggish demand and intense price competition (which is, of course, an inevitable result of sluggish demand in any particular sector) operated to produce a disappointing fourth quarter in certain companies within the group. It will be appreciated that the larger a company is within the manufacturing sector the more it is subject to general economic conditions, and it is extremely difficult for management, however skilful, to react or adapt in ways which are open to smaller companies and particularly, of course, to service companies.

Dividends

It will be seen that your directors are recommending a final dividend of 2.2p per share, which represents

(after taking into account last year's capitalisation issue) an effective increase in dividends paid or recommended for the year of some 41% over those paid in respect of last year. At the interim stage I said that no firm conclusions as to the policy of the board should be drawn from the increase in the interim dividend paid, and it is fair to say that the final dividend recommended might well have been higher had the results and short term prospects warranted it. A dividend recommendation is a subjective decision rather than a matter of science and your directors hope that their recommendation equally balances the present and future interests of shareholders and employees.

Wright Anderson & Co. Ltd.

The saddest decision which has had to be made by this board since I have been a member thereof was made shortly after the preliminary announcement of the results for the year under review. It was announced on the 15th April that the directors of Wright Anderson & Co. Limited had regretfully announced the impending closure of the company. Wright Anderson & Co. has been in existence for 70 years, has been a member of the Barton Group for 40 years and operates in an area which has more than its fair share of closures and redundancies. It will I hope be appreciated that the decision was not made without careful and anxious consideration as in due course it will involve approximately 350 jobs being lost. The company made a substantial loss last year and the effects of the engineers dispute and the British Steel Corporation strike have combined to make an already difficult situation quite impossible. If the company were to continue in operation a very substantial trading loss would be incurred in the current year and one can see no reasonable chance of this situation improving in the foreseeable future owing to the continuing depression in the construction industry. If we could have seen light at the end of the tunnel we would have taken the view that temporary trading losses should be suffered in order to preserve as many jobs as possible, and to ensure the continuation of a company which in the past has made most valuable contributions to group profits. There is no glimmer of light in the foreseeable future and accordingly from the point of view of shareholders one cannot justify pouring good money after bad, and from the point of view of employees the funds of the group must be channelled in directions which will preserve and hopefully increase employment in other areas.

Although the two industrial disputes to which I have referred undoubtedly made matters far worse, the

fundamental tragedy could perhaps be summarised by saying that Wright Anderson & Co. was in the wrong business in the wrong place at the wrong time.

It is I think only right to deal with this sad matter at some length but I would not wish shareholders to over-estimate the overall effect upon the group. In other than the very short term (i.e. during the running down period) the result of the proposed closure will be to improve the profitability of the group and it is not anticipated that the costs of closure will be material in relation to the assets of the group.

Special business

It will be seen from the notice of meeting and the directors' report that resolutions will be proposed at the annual general meeting to increase the authorised share capital of the company and to effect — if approved by shareholders — a capitalisation issue of one ordinary share for every ten ordinary shares held at the close of business on the 28th April 1980, with dealings in the new shares expected to commence on the 16th June 1980.

As noted in the directors' report there is no present intention of issuing any of the modest residue of authorised but unissued ordinary shares which will exist after such proposed capitalisation issue.

Directors

In recent years our Canadian subsidiary has made a splendid contribution to group profits under its president Carl Crawford and it was a particular pleasure to me that Carl felt able to accept an invitation to join the board of your company on the 1st February last. Although in the short term North America has a few problems of its own, in the longer term it represents a productive area for future selective investment and the presence of a main board director on the North American continent will be of considerable value in furthering any potential opportunity which presents itself.

Policy and prospects

Last year I outlined the future policy of your board and this remains unchanged.

The widespread activities of the group are not always understood and shareholders will find enclosed with the report and accounts the current

group brochure which I hope will give some indication of the range of services provided.

I am very conscious that there may be felt to be a slight element of gloom about this statement, and this is by no means the final impression which I should like to leave with shareholders. I said two years ago that in the medium term I was very confident about the progress of your company and this confidence remains unabated. In many directions substantial progress has been made over the last two years and continues to be made. I have a great respect for my executive colleagues and for their skilled and extremely loyal management teams, and I am entirely confident that with the slightest up-turn in general economic conditions — and I do not completely share the general predictions of doom and gloom with which we are surrounded — the expertise within the group will be reflected quite dramatically in its accounts. Despite the fact that steel is our major raw material the group overall has made an encouraging start to the current year. In general actions speak louder than words and the increase in dividend would not have been recommended if your board had not felt that it could not at least be maintained on the capital as increased by the proposed capitalisation issue.

JOHN WARDLE

Report of the Directors

Activities

The trading activities of the group are entirely carried out by the subsidiary companies, the parent company being purely a holding company. The products of the subsidiaries fall into three categories—tubing and foundry, industrial services and engineering. The engineering division produces a wide range of products significant being metallic abrasives and drop forgings.

The tube division has a manufacturing unit in Canada but the remainder of the group's manufacturing activities are based in the United Kingdom. A list of companies and their products is given on page 26.

Subsidiaries

On 26th February 1979 the share capital of Aluminium Die Castings (Birmingham) Ltd. was acquired at a total cost of £1,023,752 in cash including settlement of loans outstanding to the vendors. The proportion of the results for the year 1979 included are, turnover £2,358,677, and profits £106,300.

The share capital of P.R.A. Co. (Commercial Vehicle Accessories) Ltd. was acquired on 3rd September 1979. The consideration comprises an initial sum of £800,000 plus further sums in relation to the profits of the years 1979 to 1981 inclusive. The figures for the company included in the consolidated results are, turnover £621,647, and profits of £86,863.

Associate

An interest of 50% in the capital of Sleekward Engineering Ltd. was acquired on 9th July 1979 for an initial consideration of £75,100 with a further amount of £23,497 due in relation to the results for the period to 31st December 1979.

Sales

The turnover of the group in the year amounted to £51.2 million of which direct exports from the United Kingdom contributed £2.4 million. A detailed analysis by customers is given on page 21.

The turnover of the three divisions was as follows:

	1979 £000	1978 £000
Tubing and foundry	21,402	20,375
Industrial services	7,521	2,900
Engineering	22,278	20,072
	<hr/> <u>51,201</u>	<hr/> <u>43,347</u>

Profit

The profit for the year amounted to £3,327,558 and after taxation of £946,670, preference dividends of £13,480 and extraordinary items of £22,458 leaves £2,344,950 available for distribution to ordinary shareholders. The profit earned by the divisions was as follows:

	1979 £000	1978 £000
Tubing and foundry	1,507	1,589
Industrial services	1,217	616
Engineering	1,128	1,978
	<hr/> <u>3,852</u>	<hr/> 4,183
Less interest (net)	<hr/> <u>525</u>	<hr/> 246
	<hr/> <u>3,327</u>	<hr/> 3,937

Dividends

An interim dividend of 1.4p per share has been paid in respect of the year. The directors recommend the payment of a final dividend of 2.2p per share which you will be asked to approve at the annual general meeting. Subject to approval the final dividend will be paid on 6th June 1980 to shareholders on the register at 28th April 1980.

Increase in capital

A recommendation will be submitted to the annual general meeting that the capital of the company be increased to £7,650,000 by the creation of 5,000,000 ordinary shares of 25 pence each. There are no current negotiations which would result in an issue of ordinary shares and no issue will be made which would effectively alter the control of the company or the nature of its business without prior approval of the company in general meeting. Whilst an increase in authorised capital is necessary for the capitalisation issue it was thought desirable to make an adequate increase and after the proposed capitalisation issue £1,337,495 will remain unissued, representing 17.48% of the total amount.

Capitalisation issue

In order to bring the share capital of the company more into line with shareholders funds the directors recommend that a capitalisation issue of one new share for every ten ordinary shares held be made to shareholders on the register at the close of business on 28th April 1980. The shares will be paid up by capitalising £544,687 out of revenue reserve and

the new shares will rank *pari passu* with the existing ordinary shares including the right to all dividends declared after approval of the issue. It is proposed to sell the fractions of the shares for the benefit of the company. Application has been made to the Council of The Stock Exchange for the new shares to be admitted to the official list. If approved by the annual general meeting renounceable certificates will be posted on 13th June 1980 and it is expected that dealings will commence on 16th June 1980. The latest date for registration of renunciations will be 2nd July 1980.

Fixed assets

In June 1976 the directors obtained a valuation of the group's land and buildings. On the basis of this valuation and information on the change in property values since, the directors are of the opinion that the present market value of the group's land and buildings is not less than £7.5 million. The value shown in the accounts at 31st December 1979 was £3.8 million.

Depreciation is not provided on freehold buildings as the market value is in excess of cost and the amount of depreciation is immaterial in relation to group profits.

Capital expenditure during the year amounted to £2,570,000. Assets sold or scrapped during the year had a net book value of £122,000. The capital expenditure incurred was distributed as follows:

	£000
Tubing and foundry	816
Industrial services	764
Engineering	990
	<hr/>
	2,570

Directors

The present directors of the company are listed on page 5. Carl G. Crawford was appointed a director on 1st February 1980 and in accordance with the articles of association offers himself for re-election. The directors retiring by rotation are Eric Meldrum and Graham B. Sheldon who, being eligible, also offer themselves for re-election.

The unexpired portion at the date of the annual general meeting of service contracts of the directors offering themselves for re-election is:

C G Crawford	2 years
F J Meldrum	2 years
G B Sheldon	14 months

Directors shareholdings

The shares of the company held by directors and their families were as follows:

Ordinary shares	31.12.79	31.12.78
N Harlow	21,086	17,573
F J Meldrum	5,760	4,800
J S Roper	11,544	7,879
G B Sheldon	7,200	6,000
J M Wardle	14,910	8,259
J M Wardle non-beneficial	4,560	3,000

Preference shares

G B Sheldon	200	200
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Comparative figures for 1978 are before the capitalisation issue of one for five in May 1979.

There were no changes in the above holdings up to 15th April 1980.

Contracts

There were no disclosable contracts or arrangements subsisting at any time during the year between the company and any of its directors.

Employees

At the end of the financial year the analysis of employees was as follows:

	Total	Production	Administration
Male	2,050	1,695	355
Female	517	281	236
	<hr/>	<hr/>	<hr/>
	2,567	1,976	591

The average number employed during the year, the total wages and the cost of additional employee benefits such as national insurance and pensions were:

	Number	Remuneration	Benefits
U.K.	2,308	9,389,317	1,250,837
Overseas	132	1,108,165	178,262
	<hr/>	<hr/>	<hr/>
	2,440	10,497,482	1,429,099

In addition to the cost of employee benefits shown above the group has paid national insurance surcharge of £308,000 in the year.

Report of the Directors

continued

Pensions

The pension scheme in the United Kingdom is self-administered and the investments are controlled by professional managers. An actuarial valuation as at 1st January 1978 indicated that the assets were adequate to meet the potential liabilities at that date.

The pension accrual from both the company and state schemes which is the same for both staff and works personnel gives a pension expectation after 40 years of two thirds of pay near retirement. A range of death benefits and a widow's pension are also provided.

A total of 651 males and 70 females were members of the scheme which is open to all employees apart from those under 21 and employees with less than one year's service.

Shareholders

The ordinary shareholders of the company numbered 2,764 at 31st December 1979 and were analysed as follows:

	Number	Shares 000	%
Private individuals	2,614	5,781	26
Banks and nominees	35	1,019	5
Insurance companies	30	8,014	37
Pension funds	7	1,027	5
Investment trusts	45	3,384	15
Other corporate holdings	33	2,562	12
	<hr/>	<hr/>	<hr/>
	2,764	21,787	100

The size of the holdings of the company's shares were as follows:

	Number	Shares 000	%
Up to 5,000 shares	2,455	3,494	16
5,001—10,000 shares	197	1,359	6
10,001—20,000 shares	42	538	3
20,001—40,000 shares	17	464	2
Over 40,000 shares	53	15,932	73
	<hr/>	<hr/>	<hr/>
	2,764	21,787	100

Holdings of more than 5% of the share capital of the company at 31st December 1979 were:

Norwich Union Life Insurance Society 1,130,357 shares.

Prudential Corporation Limited 1,353,793 shares.

Staveley Industries Limited 2,306,640 shares.

By 15th April 1980 Prudential Corporation Limited's holding had been reduced by 100,000 shares and that of Norwich Union Life Insurance Society by 9,814 shares.

The company is not a close company under the provisions of the Finance Act 1965.

Donations

During the year £2,060 was contributed to the Conservative Party and £7,269 to charitable causes in the United Kingdom.

Accounting Policies

14. MAY 1980

BUSINESS INFORMATION
CENTRE

Convention

The accounts are prepared under the historical cost convention of accounting adjusted by the revaluation of certain fixed assets.

Consolidation

The accounts of all subsidiaries have been consolidated and the accounting period of each one is coterminous with that of the parent company. Goodwill arising on consolidation comprising excess of cost of acquisition over net assets at book value is written off in the year of acquisition, against retained profits.

The accounts of associated companies are also prepared to the group year end. The appropriate share of the associated companies' results have been brought into the group accounts.

Acquisitions

Results of the companies acquired during the year are brought in from the date of acquisition.

Grants

Grants received towards the cost of capital expenditure are used to reduce the cost of the relevant fixed assets in the accounts.

Turnover

Turnover is the value of goods sold and services rendered by group companies to outside concerns, excluding value added tax.

Stock

Stock and work in progress have been valued at the lower of cost, including an addition for production overheads upon processed stock, and estimated realisable value. Due allowance has been made for obsolete or slow moving items.

Depreciation

No depreciation is provided on freehold buildings. Expenditure on leasehold property is written off over the remaining period of the lease. Depreciation on plant and vehicles has been calculated on a straight line basis at rates estimated to write off the original cost over the useful life of the asset. The lives assumed vary from four to sixteen years for plant and from three to five years for motor vehicles.

Development and repair expenditure

Expenditure upon research, development of new products, patents and repairs is written off as incurred.

Foreign currency

Foreign currency has been translated into sterling at the average exchange rates ruling during the year for profit and loss account items and at the rates ruling at the year end for balance sheet items. Adjustments to restate the opening net assets and profits retained for the year to exchange rates ruling at the year end are made through reserves.

Taxation

Provision is made in the accounts for taxation upon the income ascertained for tax purposes. Where the income for accounts purposes differs from this figure due to stock relief or the level of capital allowances being higher than depreciation, provision for deferred tax is not made if this situation is likely to continue for the foreseeable future.

In the case of stock relief a provision has been retained to cover any liability arising either from failure to obtain anticipated stock relief or a modest reduction in stock values.

In the event of provision being made for deferred tax the liability method is used. Advance corporation tax paid but not set off is carried forward where recovery is reasonably certain.

Provision is also made for the tax liability which would arise on the distribution of half the profits at present retained by the overseas company.

Group Profit and Loss Account

for the year ended 31st December 1979

	NOTES	1979	1978
		£000	£000
Turnover	1	51,201	43,347
Group profit on trading	2	3,822	4,183
Income from deposits and loans		122	95
		3,944	4,278
Interest payable	3	647	341
		3,297	3,937
Share of profits of associated companies		30	—
Total group profit	1	3,327	3,937
Group charge for taxation	4	947	999
Group profit after taxation	5	2,380	2,938
Preference dividends		13	13
		2,367	2,925
Ordinary dividends	6	784	562
Extraordinary items	7	1,583	2,363
		22	423
Profit retained by group	10	1,561	1,940
Earnings excluding extraordinary items per ordinary share	8	10.87p	13.42p
Dividend per ordinary share	6	3.60p	2.56p

Group Balance Sheet

31st December 1979

	NOTES	1979	1978
		£000	£000
Share capital	9	5,768	4,860
Revenue reserve	10	12,298	12,340
		18,066	17,200
Deferred liabilities			
Taxation	11	735	875
Medium term loans	12	2,000	2,000
Deferred consideration	23	650	732
		21,451	20,807
Fixed assets	15	9,363	7,662
Associated companies	16	126	—
Current assets			
Stock and work in progress	17	12,825	9,884
Debtors		14,102	9,949
Bank balances		35	1,975
		26,962	21,808
Less current liabilities			
Bank overdrafts and loans	18	4,758	1,280
Creditors		8,816	6,469
Taxation		943	553
Dividends	19	483	361
		15,000	8,663
Net current assets		11,962	13,145
		21,451	20,807

J M WARDLE }
 J S ROPER } Directors

Group Funds Flow Statement

for the year ended 31st December 1979

	NOTES	1979	1978
		£000	£000
Source of funds			
Profit before tax		3,327	3,937
Attributable to associated companies		(30)	—
		3,297	3,937
Depreciation		993	683
Proceeds of sale of fixed assets		170	311
Disposal of subsidiaries		—	3,117
		4,460	8,048
 Application of funds			
Taxation paid		716	721
Dividends paid		676	531
Purchase of fixed assets		2,570	2,631
Acquisition of subsidiaries	23	1,712	508
Acquisition of associates		79	—
Additional working capital	22	3,980	1,863
Extraordinary items		47	28
Sundries		35	96
		9,815	6,378
 Outflow of funds financed by bank borrowings (1978 inflow)			
		5,355	1,670

Certain figures in the statement have been
adjusted as indicated in note 24.

Balance Sheet

31st December 1979

	NOTES	1979 £000	1978 £000
Share capital	9	5,768	4,860
Revenue reserve	10	4,373	4,637
		10,141	9,497
Deferred liabilities			
Medium term loans	12	2,000	2,000
Deferred consideration	23	650	732
		12,791	12,229
Subsidiary companies	20	17,067	12,421
Associated company	16	102	—
Fixed assets	15	7	3
		17,176	12,424
Current assets			
Debtors	5	27	
Bank balance	6	1,147	
	11	1,174	
Less current liabilities			
Bank overdrafts	3,112	554	
Creditors	443	113	
Taxation	358	341	
Dividends	19	483	361
	4,396	1,369	
Net current liabilities		4,385	195
		12,791	12,229

J M WARDLE }
J S ROPER } Directors

Notes on Accounts

Notes on the profit and loss account

	Turnover £000	Profits £000
1 Turnover and profits included for companies acquired during the year are as follows:		
Aluminium Die Castings (Birmingham) Ltd.	2,359	106
P.R.A. Co. (Commercial Vehicle Accessories) Ltd.	621	87

2 Group profit is after charging	1979	1978
	£000	£000
Depreciation	993	683
Plant hire	184	252
Auditors remuneration	47	36
Remuneration of parent company directors	121	136
Pension to former director	5	—

The directors' remuneration excluding pension contributions falls into the following ranges		Number of directors
Less than £5,000		1
£5,001 to £10,000	1	—
£10,001 to £15,000		1
£15,001 to £20,000	1	2
£20,001 to £25,000	3	3

	£	£
Remuneration of chairman	7,000	3,500
Remuneration of highest paid director	22,930	22,179
Directors' fees	7,000	3,500

3 Interest payable is on bank and other loans repayable within five years

4 Group charge for taxation	£000	£000
Full provision:		
Corporation tax (52%)	110	458
Deferred tax	1,326	1,389
Double tax relief	—	(156)
Overseas tax	345	401
Overseas deferred tax	48	31
Attributable tax of associated companies	6	—
Prior years	258	(78)
	<hr/>	<hr/>
Deferred tax provisions not made	2,093	2,045
	(1,146)	(1,046)
	<hr/>	<hr/>
	947	999

5 Profit for the year after taxation dealt with in the accounts of Barton & Sons Limited is £2,034,726 (1978 £2,522,785).

6 Ordinary dividends paid or proposed for the year are as follows:

Interim 1.40p per share (1978 0.92p)	305	200
Final 2.20p per share (1978 1.64p)	479	358
Special interim in respect of 1977	—	4
	<hr/>	<hr/>
	784	562

7 Extraordinary items	1979	1978
	£000	£000
Abortive investment costs	12	—
Termination compensation	10	—
Loss on sale of subsidiary	—	394
Closure costs	—	29
	22	423

8 Earnings per share are based upon earnings of £2,367,408 (1978 £2,924,504) and 21,787,496 shares of 25 pence in issue after the capitalisation issue in May 1979.

Notes on the balance sheets

9 Share capital of Barton & Sons Limited	1979	1979	1978
	£000	£000	£000
	Authorised	Issued	Issued
Ordinary shares of 25p each	6,000	5,447	4,539
6% (now 4.2% plus tax credit) cumulative preference shares of £1 each	400	321	321
	6,400	5,768	4,860

10 Revenue reserve - profits retained	Group	Company
	£000	£000
As at 31st December 1978	12,340	4,637
Transfer from profit and loss account	1,561	1,224
Foreign exchange adjustment on overseas subsidiaries	(138)	(23)
Capitalisation issue	(908)	(908)
Goodwill on acquisitions	(557)	(557)
	12,298	4,373
Group companies	12,274	4,373
Associates	24	—

11 Deferred taxation	1979	1978
	£000	£000
Corporation tax due on or after 1st January 1981	33	483
Taxation equalisation — capital allowances	349	326
— stock relief	535	535
— other	151	(33)
Provision for tax on overseas profits	129	99
Advance corporation tax recoverable	(462)	(535)
	735	875

Full provision for all tax deferred by timing differences would give rise to additional provisions in respect of:

Capital allowances	2,987	2,448
Stock relief	2,697	2,037
Other	(222)	(100)
	5,462	4,385

12 Medium term loans are repayable as follows:	1979	1978
	£000	£000
Within 1 to 2 years of end of year	360	600
Within 2 to 5 years of end of year	1,640	1,400
	2,000	2,000

13 Guarantees

The company has

- (a) guaranteed and agreed to the right of set off in respect of the bank accounts of United Kingdom subsidiaries
- (b) guaranteed the bank borrowings of an associated company.

14 Contingent liabilities existed in subsidiary companies in respect of performance guarantees amounting to approximately £33,000 (1978 £25,000).

	Group			Company	
	Total £000	Land and buildings Freehold £000	Long Leasehold £000	Plant and vehicles £000	Vehicles £000
COST					
Cost or valuation at 1.1.79	12,978	3,119	32	9,827	7
Foreign exchange adjustment	(186)	(58)	—	(128)	—
Assets of companies acquired	787	—	—	787	—
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	13,579	3,061	32	10,486	7
Additions during year	2,570	500	205	1,865	7
Disposals	(398)	(6)	—	(392)	(4)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,172	494	205	1,473	3
Cost or valuation at 31.12.79	15,751	3,555	237	11,959	10
DEPRECIATION					
Depreciation at 1.1.79	5,316	—	1	5,315	4
Foreign exchange adjustment	(91)	—	—	(91)	—
Depreciation of companies acquired	403	—	—	403	—
Depreciation upon disposals	(276)	—	—	(276)	(3)
Charge for year	1,036	—	7	1,029	2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation at 31.12.79	6,388	—	8	6,380	3
NET BOOK VALUE					
Net book value at 31.12.79	9,363	3,555	229	5,579	7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31.12.78	7,662	3,119	31	4,512	3

The fixed assets of certain companies have been included at valuation figures with subsequent additions at cost. The amounts of these valuations and the years in which made are as follows:

	Land and buildings	Plant
	Freehold £	Leasehold £
1938	32,774	—
1955	35,000	48,599
1972	18,000	—
1979	—	180,000
	<hr/>	<hr/>
	85,774	180,000
		48,599

No depreciation is provided on freehold buildings. If such depreciation were provided at 2% the charge for the year would have been £56,000 (1978 £56,000).

The aggregate of the amounts of capital expenditure sanctioned but not incurred at the end of the year was £930,000 (1978 £800,000) and the portion of this amount contracted was £520,000 (1978 £650,000).

16 Associated companies

Shares at cost
Group share of retained profits

	Group £000	Company £000
	102	102
	24	—
	<hr/>	<hr/>
	126	102

The company's share of retained profits is £16,603

In the opinion of the directors the value of the investments in associated companies at 31st December 1979 was—group £150,000, company £120,000.

17 Stock and work in progress

	1979 £000	1978 £000
Stock of materials and consumables	6,240	4,565
Processed stock	7,183	6,468
Receivable on account	(598)	(1,149)
	<hr/>	<hr/>
	12,825	9,884

18 Bank overdrafts and loan

are made up as follows:

Bank overdrafts—U.K.	4,014	554
Bank loan—overseas (secured)	744	726
	<hr/>	<hr/>
	4,758	1,280

19 Dividends

accrued or proposed

Preference dividend accrued	4	3
Ordinary dividend	479	358
	<hr/>	<hr/>
	483	361

20 Subsidiary companies

—investments and advances

Shares at cost less amounts provided	3,240	2,752
Advances to subsidiaries	16,120	11,610
Advances from subsidiaries	(2,293)	(1,941)
	<hr/>	<hr/>
	17,067	12,421

(A list of subsidiaries appears on page 26)

21 Wright Anderson & Co. Ltd.

On 15th April 1980 the directors of Wright Anderson & Co. Ltd. announced the impending closure of the company, details of which appear in the Chairman's Statement on page 6. No provision has been made in the accounts for the anticipated costs of closure which cannot at present be ascertained with any accuracy.

Notes on the funds flow statement

22 Additional working capital is made up of:

Stock	1979	1978
Debtors	£000	£000
Creditors	2,211	2,675
	3,220	469
	(1,451)	(1,281)
	3,980	1,863

23 Acquisition of subsidiaries

Fixed assets	384	41
Net current assets	806	533
Goodwill on acquisition	557	666
Deferred consideration	(35)	(732)
	1,712	508

Deferred consideration is based on profits for the years 1979 to 1981 inclusive

24 Adjustments have been made to movements in working capital and borrowings appearing in the funds flow statement to eliminate the effect upon the opening figures due to changes in exchange rates.

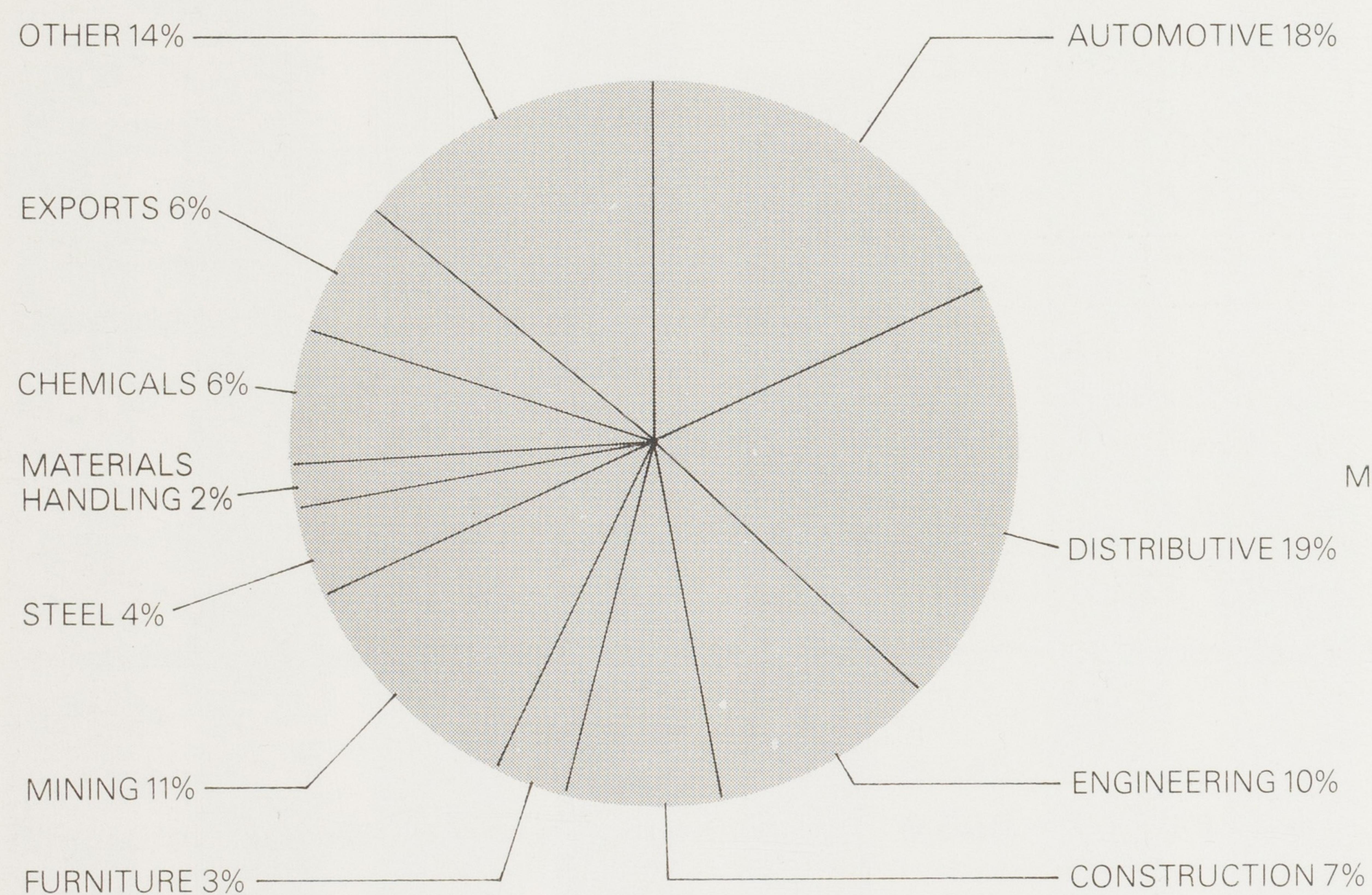
**Report of the Auditors
to the members of Barton & Sons Limited**

We have examined the accounts set out on pages 11 to 20 and 26 which have been prepared on the basis of the accounting policies set out on page 11. In our opinion they give a true and fair view of the state of the affairs of the Company and of the Group at 31st December 1979 and of the profit and source and application of funds of the Group for the year ended on that date and comply with the Companies Acts 1948 and 1967.

PEAT MARWICK MITCHELL & CO.
Chartered Accountants
Birmingham
30th April 1980

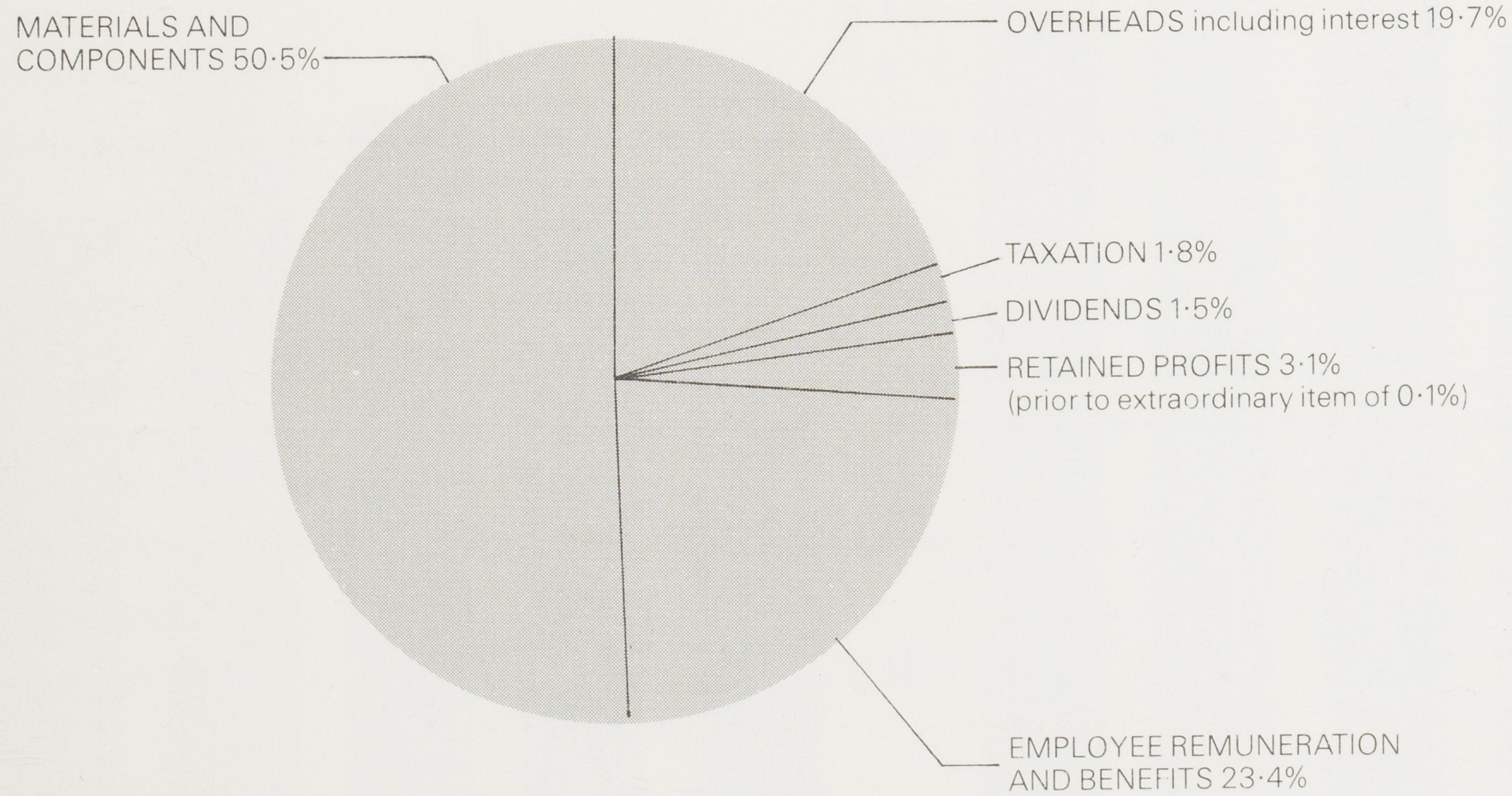
Sales and Costs

GROUP CUSTOMER ANALYSIS



	DIVISIONS		
	TUBING	ENGINEERING	SERVICES
Automotive	26	14	9
Chemicals	1	13	2
Construction	6	10	3
Distributive	29	6	29
Engineering	8	14	4
Furniture	7	—	—
Materials Handling	1	4	—
Mining	—	25	—
Steel	—	2	21
Other	15	7	28
Exports	7	5	4
	100	100	100

COSTS AND APPROPRIATIONS

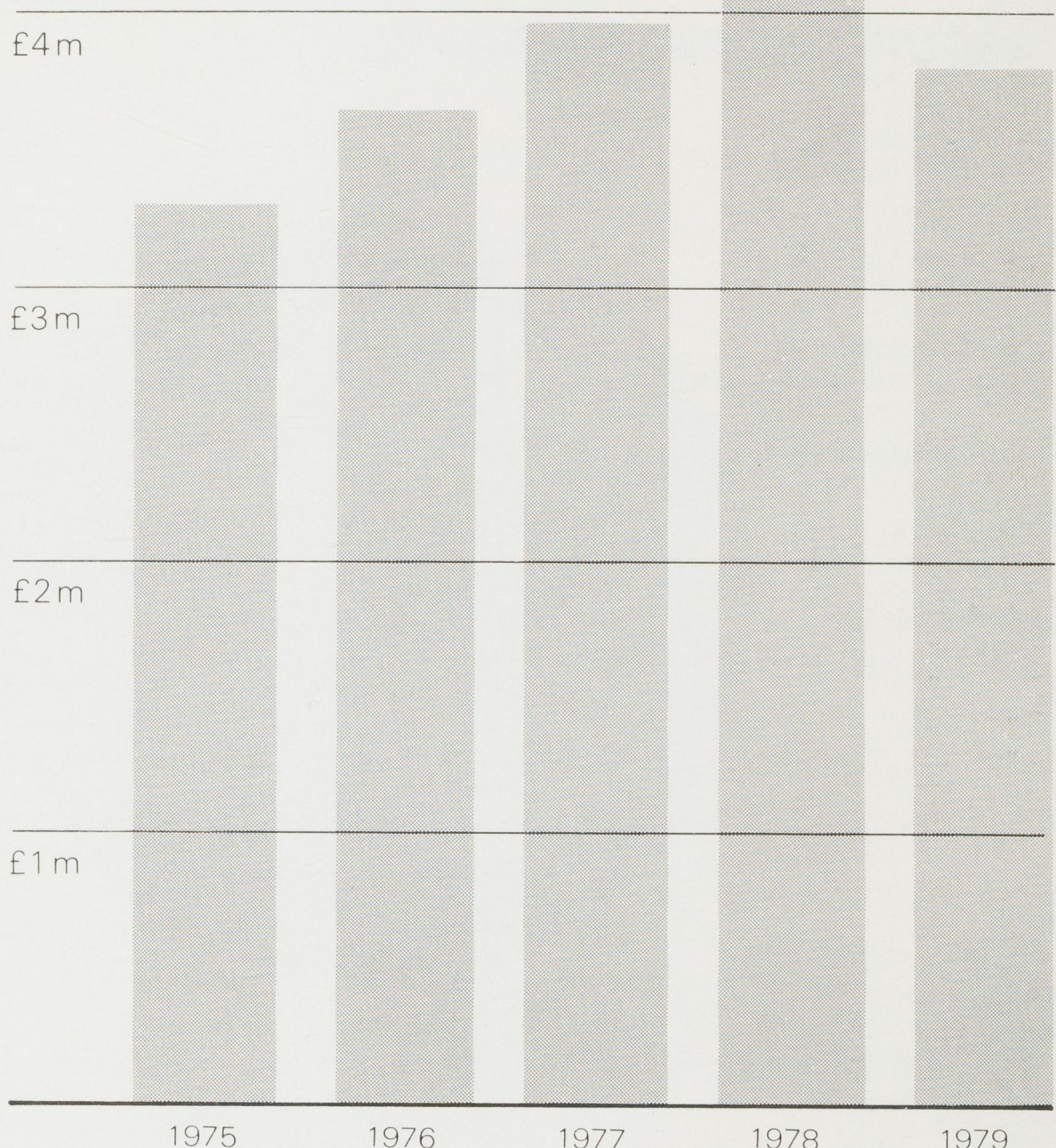


Five Year Record

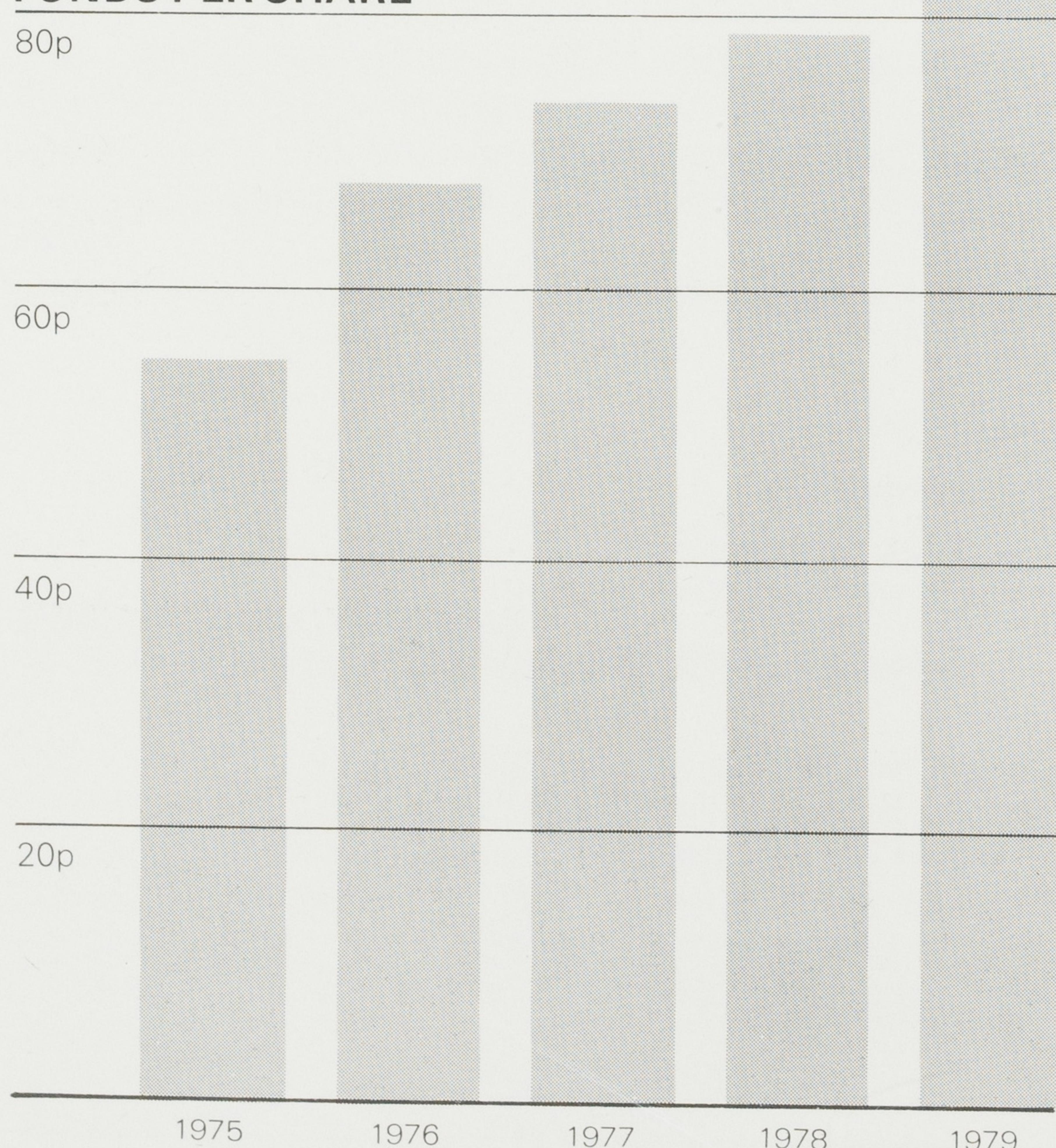
SALES



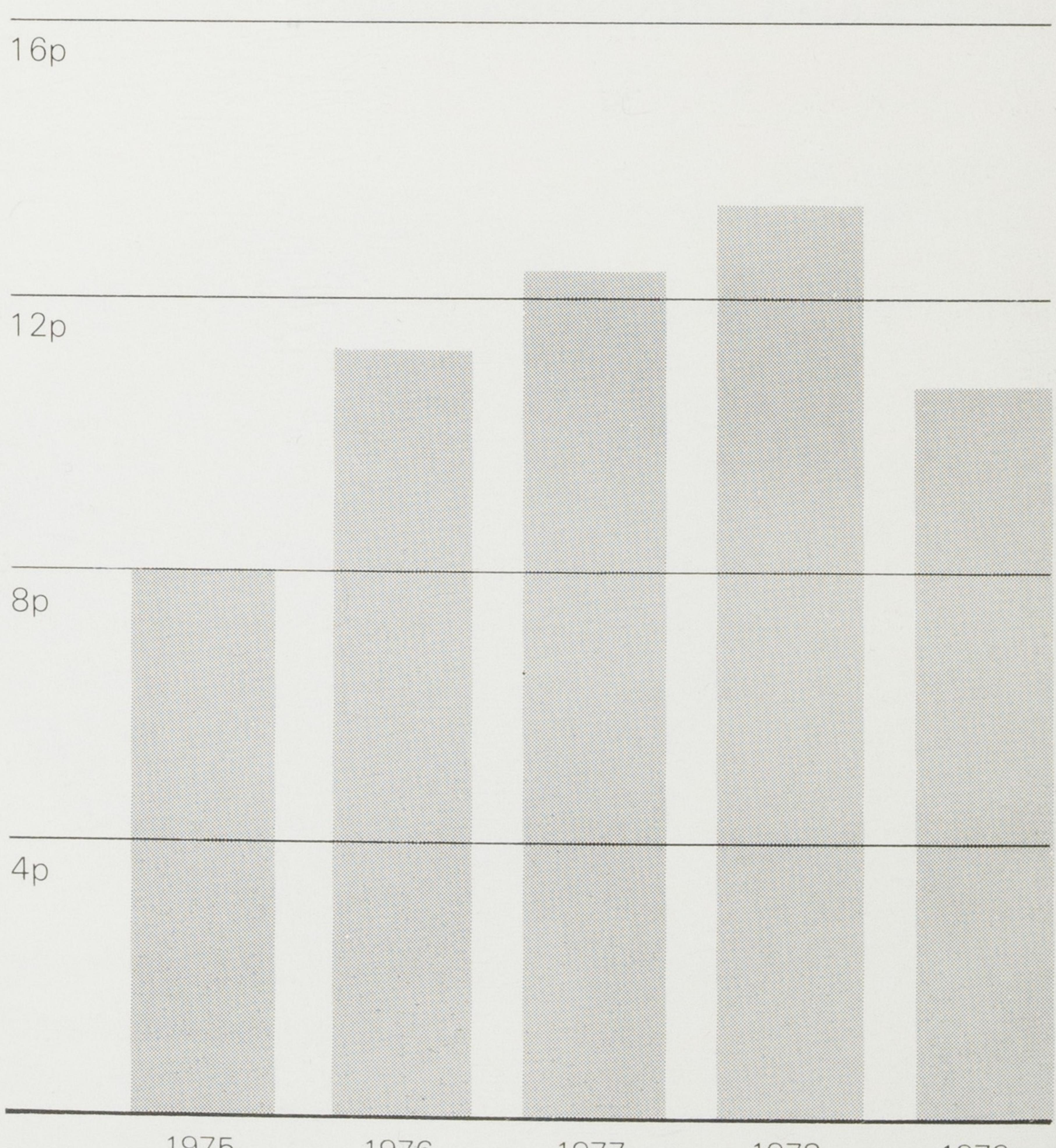
**PROFIT BEFORE INTEREST
AND TAX**



**ORDINARY SHAREHOLDERS'
FUNDS PER SHARE**



EARNINGS PER SHARE



14.07.1980

	1975 £000	1976 £000	1977 £000	1978 £000	1979 £000
Turnover					
United Kingdom	19,916	23,724	27,920	33,240	43,455
Overseas	10,282	13,193	12,945	10,107	7,746
	30,198	36,917	40,865	43,347	51,201
Trading profit					
Profit before interest and tax—U.K.	1,496	2,361	2,798	3,183	2,948
Overseas	1,800	1,284	1,165	1,000	874
	3,296	3,645	3,963	4,183	3,822
Percentage profit on sales	10.9	9.9	9.7	9.7	7.5
Assets					
Fixed assets	5,560	6,675	7,316	7,662	9,363
Net current assets excluding borrowings	9,688	13,197	13,180	12,450	16,685
Total funds					
Funds employed including borrowings	15,248	19,872	20,496	20,112	26,048
Percentage profit on total funds	21.6	18.3	19.3	20.8	14.7
Shareholders funds					
Share capital	4,103	4,103	4,103	4,860	5,768
Reserves	7,976	10,611	12,059	12,340	12,298
Funds employed	12,079	14,714	16,162	17,200	18,066
Profit					
Profit before tax	2,965	3,262	3,621	3,937	3,327
Percentage profit on shareholders funds	24.5	22.2	22.4	22.9	18.4
Dividends					
Per share of 25p	1.85p	2.03p	2.27p	2.56p	3.60p
Earnings					
Per share of 25p	8.02p	11.25p	12.40p	13.42p	10.87p

NOTE

The comparative figures for dividends and earnings have been adjusted for the capitalisation issues in May 1978 and May 1979.

Inflation Adjusted Results

for the year ended 31st December 1979

	NOTES	Current cost £000	Historical £000
Results for the year			
Sales		51,201	51,201
Profit before taxation and interest		3,852	3,852
Current cost adjustment	2	2,543	—
		1,309	3,852
Gearing adjustment		660	—
Interest		(525)	(525)
Profit before taxation		1,444	3,327
Taxation		689	947
Profit after taxation		755	2,380
Dividends paid and proposed		797	797
		(42)	1,583
Earnings per ordinary share (based on 21,787,496 shares in issue)		3.4p	10.9p
Financial position at end of year			
Fixed assets	4	14,915	9,363
Associates		126	126
		15,041	9,489
Current assets		27,755	26,962
Less current liabilities		15,037	15,000
		12,718	11,962
		27,759	21,451

Notes

1 Basis

The historical results have been adjusted to show the effect on the results of implementation of the Accounting Standards Committee's exposure draft 24.

2 Current cost adjustment

	£000
Cost of sales adjustment	1,477
Monetary working capital adjustment	640
	<hr/>
Additional depreciation	2,117
	426
	<hr/>
	2,543

Current cost has been calculated by the averaging method.

3 Taxation

The charge for taxation is as shown in the historical cost accounts but with prior year adjustments excluded.

4 Fixed assets

Land and buildings have been valued at open market value arrived at by updating a professional valuation carried out during 1976.

The replacement cost of plant has been assessed by applying the Index of Consumer Goods and Services to the original cost. The replacement cost has been depreciated in accordance with policy used for the purpose of historical cost accounts.

	£000	£000
Land and buildings		7,500
Plant and motors	26,456	
Less depreciation	<hr/> 19,041	
		7,415
		<hr/> 14,915

Subsidiary Companies

Tubing and foundry division

Barton Conduits Ltd

Walsall, West Midlands.

Steel conduit, conduit fittings and accessories, steel cable trunking and fittings, precision tubing. Malleable and grey iron castings.

Barton Tubes Ltd

Burlington, Canada.

Steel conduit and precision tubing.

Wilfred Russell (Wolverhampton) Ltd

Coseley, West Midlands.

Cable trunking and fittings.

Alphacast Pressure Diecastings Ltd

Pen-y-groes, Gwynedd.

Aluminium pressure die castings.

Aluminium Die Castings (Birmingham) Ltd

Birmingham, West Midlands.

Gravity die castings in aluminium.

Premcast Aluminium Ltd

Walsall, West Midlands.

Sand and gravity die castings in aluminium.

Industrial services division

Alpha Computer Services Ltd

Walsall, West Midlands.

Computer systems consultants.

Barton Handling and Storage Systems Ltd

Bilston, West Midlands.

Shelving and storage systems.

Barton Industrial Park Ltd

Bilston, West Midlands.

Estate management.

Chemipetro Engineering Ltd

Tipton, West Midlands.

Pipe flanges and fittings.

High Pressure Forgings Ltd

Tipton, West Midlands.

Forged steel pipe fittings.

John Lawrie & Co (Aberdeen) Ltd

Aberdeen, Grampian.

Metallic scrap and waste disposal service.

P.R.A. Co (Commercial Vehicle Accessories) Ltd

London.

Accessories for commercial vehicles.

Engineering division

Barton Abrasives Ltd

Aberdeen, Grampian.

Great Bridge, West Midlands.

Shot and angular grit in cast iron and steel.

Barton & Sons GmbH

Essen, West Germany.

Cast iron and steel abrasives.

Clydesdale Stamping Co Ltd

Dudley, West Midlands.

Drop, upset and precision press forgings.

Eyland & Sons Ltd

Walsall, West Midlands.

Buckles and small articles in brass and steel.

Wilfred Robbins Ltd

Great Bridge, West Midlands.

Structural steelwork.

Walton & Co (Wolverhampton) Ltd

Tettenhall, West Midlands.

Welded steel fabrications for the mining, building, earth moving and mechanical handling industries.

William Whitehouse & Co (Atlas Forge) Ltd

Warley, West Midlands.

Hammers and other hand tools.

Wright, Anderson & Co Ltd

Gateshead, Tyne & Wear.

Structural steel work, steel framed buildings and medium span bridges.

Associates

O.M.E. Studbolts Ltd

Tipton, West Midlands.

Suppliers of studbolts.

Sleekward Engineering Ltd

Darlaston, West Midlands.

Axle and starter rings.

NOTES

All subsidiaries are direct wholly owned subsidiary companies of Barton & Sons Limited who hold the entire share capital.

The associated companies are 50% owned by the group.

The U.K. companies are registered in England except Barton Abrasives Ltd and John Lawrie & Co (Aberdeen) Ltd which are registered in Scotland.

In addition Barton Ltd (formerly Janorberry Ltd) was a subsidiary active to a limited extent in the year and three other subsidiaries now dormant are not listed above.

Form of Proxy

For use of ordinary shareholders only
(BLOCK CAPITALS PLEASE)

I/We

being a member(s) of Barton & Sons Ltd hereby
appoint the chairman of the meeting
. as my/our
proxy to vote for me/us on my/our behalf as
indicated at the annual general meeting of the
company to be held on the 4th June 1980 and at
any adjournment thereof.

Signed

Date 1980

Resolutions

- 1** To adopt the report and accounts
- 2** To declare a final dividend on the ordinary shares
- 3** (a) To re-elect as a director C G Crawford
(b) To re-elect as a director G B Sheldon
(c) To re-elect as a director F J Meldrum
- 4** To elect as auditors Peat, Marwick, Mitchell & Co.
- 5** To increase the authorised share capital of the company
- 6** To declare a capitalisation issue on the ordinary shares

For

Against

Please indicate with a cross how you wish your vote to be cast.

Notes

- 1 If it is desired to appoint someone other than the above as proxy the name should be inserted and the chairman of the meeting deleted.
- 2 In the case of joint holders the signature of any one of them will suffice but the name of the first named in the register should be shown.

- 3** In the case of a corporation this proxy form must be under seal or signed by a duly authorised officer.
- 4** Unless specific voting directions are given the proxy will vote or abstain as he sees fit.
- 5** To be valid the proxy must reach the registered office of the company not later than 48 hours before the time fixed for the meeting.

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BIRMINGHAM,
B16 8BR**

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BUSINESS INFORMATION
CENTRE

MAY 1980

14. MAY 1980

BARION